RAJYA SABHA

Friday, the 25th July, 1986/
3 Sravana, 1908 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

MR. CHAIRMAN: Question Nos. 121 and 138 relate to the same subject though presenting opposite point of view. Therefore, I am going to take those questions together.

Impact of discontinuation of Freight Equalisation Scheme on Industry in Gujarat

*121. SHRI CHIMANBHAI MEHTA: Will the Minister of STEEL AND MINES be pleased to state:

(a) whether it is a fact that the Freight Equalisation Scheme operating with regard to the supply of iron and steel is likely to be discontinued in the near future;

(b) whether it is also a fact that the discontinuance of the Freight Equalisation Scheme would increase the landing cost of steel in Gujarat by Rs. 400/- per metric tonne and of pig iron by Rs. 300/- per metric tonne which would seriously cripple the engineering industry of Gujarat; and

(c) whether it is also a fact that the Gujarat Government have opposed the discontinuance of Freight Equalisation Scheme as that would pose a threat to the existence of five thousand engineering/foundry units of Gujarat in the Small Scale Industry sector?

THE MINISTER OF STEEL AND MINES (SHRI K. C. PANT): (a) Although Government have taken a decision in principle to phase out the freight equalisation scheme for iron and steel, the timing for initiating its implementation has not yet been decided.

(b) and (c) Yes, Sir, the Government of Gujarat have so stated in their representation.

Freight Equalisation Scheme in respect of iron and steel

*138. SHRI CHITTA BASU:†
SHRI RAMKRISHNA MAZUMDER:

Will the Minister of STEEL AND MINES be pleased to refer to answer to Starred Question 292 given in the Rajya Sabha on the 14th March, 1986 and state:

(a) whether it is a fact that on July 1, 1986 the Prime Minister had assured the representatives of the Chambers of Commerce and Trade Unions at Calcutta of an early action in the matter relating to the phasing out of the Freight Equalisation Scheme in respect of iron and steel;

(b) if so, what steps are being taken to work out the modalities; and

(c) what are the details of the representations opposing the phasing out of the scheme?

THE MINISTER OF STEEL AND MINES (SHRI K. C. PANT): (a) The Prime Minister had said that Government are considering the matter.

(b) and (c) The views of the various State Governments to the effect that industries/consumers located in their States will be placed at a major disadvantage vis-a-vis other units located near the steel plants due to increased cost of transportation of steel if the freight equalisation scheme is abolished/phased out are under examination and will be taken into account while working out the modalities.

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†The question was actually asked on the floor of the House by Shri Chitta Basu.